



The Real Estate Roundtable

May 22, 2003

Dear Representative:

The Real Estate Roundtable applauds the work of the House and Senate negotiators in reaching final agreement on the Jobs and Growth Reconciliation tax package. We believe the legislation will spur the permanent job creation essential to a healthy economy and we urge Congress to pass it immediately.

With vacancy rates climbing in most areas of the country and across nearly all product types, the Roundtable called upon Congress to enact a growth package that would encourage businesses and consumer spending. The Roundtable also urged lawmakers to be mindful of increasing the federal budget deficit to the point that interest rates were affected. We believe this growth package achieves both these goals.

We strongly support the provision to allow immediate expensing of 50 percent of the cost to construct leasehold improvements and to add or upgrade building security equipment. This will help enable owners to make the capital investment necessary for buildings to be productive and safe.

Also, the real estate industry supports lower tax rates on capital gains. We look forward to working with lawmakers to achieve a reduction in the depreciation recapture rate so the impact of the capital gains cut is as robust as possible.

We opposed the use of revenue raisers in the bill generally and particularly the one that modified the ownership rules for closely-held real estate investment trusts. That provision, if enacted, would have disrupted billions of dollars of capital investment in U.S. real estate. We are grateful that this and other revenue raisers are not part of the package.

Again, we urge immediate passage of the conference report in the House and Senate. Thank you.

Sincerely,

Jeffrey D. DeBoer
President and Chief Operating Officer